



JAMES A. NOYES, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
www.ladpw.org

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

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TO: Each Supervisor

FROM: James A. Noyes
Director of Public Works

David E. Janssen
Chief Administrative Officer

Dennis A. Tafoya, Director
Office of Affirmative Action Compliance

LAC+USC MEDICAL CENTER REPLACEMENT UPDATED COMMUNITY BUSINESS ENTERPRISE PROGRAM AND LOCAL WORKER HIRING PROGRAM

The County has a long-standing policy of requiring capital project construction contractors to demonstrate a good faith effort to outreach to Community Business Enterprises (CBEs). However, the existing CBE provisions in the County's contract specifications are somewhat vague with respect to the level of effort that would constitute good faith and do not provide standards or tools for measuring or enforcing these provisions.

Therefore, the Office of Affirmative Action Compliance (OAAC), Public Works, and County Counsel have worked together for over a year to develop a new CBE model to attain more specific, objective, and enforceable criteria to evaluate a contractor's good faith efforts in soliciting bids for construction services and materials from all responsible segments of the relevant market, including CBEs and Small Business Enterprises.

The revised CBE language addresses pre-award good faith efforts required of bidders and adds a post-award good faith effort requiring the contractor to continue outreach activities to all segments of the relevant market throughout the duration of the construction contract. For both pre- and post-award good faith efforts, the revised CBE model:

- Sets forth quantifiable criteria, such as advertising, direct solicitation from a specified number of firms, follow-up of those solicitations, written requests for bids, etc.
- Assigns points to each of the criteria.

- Establishes a total point value that the contractor must meet or exceed.

Failure of the contractor to meet or exceed the total point value may result in a contractor being found nonresponsive for bid purposes and subject to specified monetary sanctions during the contract performance period.

Collectively, we have introduced this revised CBE model in the construction contract documents for the LAC+USC Medical Center Replacement Project, which is well suited for this program because there will be extensive contracting opportunities for many types and sizes of contractors and material suppliers in the community. If this model is successful, we may adapt the program for use on other capital projects and Public Works projects.

In addition, as previously indicated to your Board, we have been developing a Local Worker Hiring Program (LWHP) for the Replacement Project. Development of that program has now been completed. The LWHP will establish a partnership, under the direction of OAAC, among one or more community business organizations with pre-existing employment, job training, and referral programs; the contractor; and, potentially, trade unions to promote employment, job development, economic growth, and outreach in project Catchment and Countywide Community areas by ensuring that qualified residents of these areas are given good faith consideration by contractors for employment opportunities. As defined in the LWHP, the Catchment area consists of the five-mile radius around the project site, and the Community area consists of the entire County of Los Angeles.

The portions of the LWHP requiring contractor involvement are incorporated into the construction contract documents and include requirements that the contractor:

- Provide a specific LWHP implementation strategy within 60 days of award, including a preliminary list of all trade and nontrade job classifications and anticipated dates of hire.
- Attend County-sponsored Contracting Connections Workshops and vendor/employment fairs.
- Designate a LWHP liaison and train all supervisory and human resource personnel on the major aspects of the LWHP.
- Make a good faith effort to obtain a "Memorandum of Common Interest" from the trade unions to cooperate and participate in the LWHP and which also may address other issues between the contractor and the unions.

- Submit monthly reports identifying the disposition of each applicant and provide a summary of the number and hours worked by residents of the Catchment and Community areas as a percentage of all workers.
- Make a good faith effort to recruit qualified residents of the Catchment and Countywide Community areas to work on the project.

The contract language also allows the County to impose monetary sanctions on the contractor for failure to provide the required documentation and/or to comply with prescribed good faith hiring efforts.

Attached are copies of those sections of the construction contract documents that pertain to these two programs. Incorporation of these requirements could increase the construction bid for the Replacement Project, but it is anticipated that any additional cost that may result can be accommodated within the existing project budget.

We have reviewed the content and conditions of the two programs with the Department of Health Services. We will report back to your Board on these programs over the duration of construction of the Replacement Project.

If you have any questions, please call any of us or your staff may contact Tom Remillard at (626) 458-4004, Marcus Castro at (213) 893-0895, or Sharon Yonashiro at (213) 974-2273.

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Attach.

cc: Supervisor Gloria Molina (Alma Martinez, Miguel Santana, Martha Molina-Aviles, Carrie Sutkin)
Supervisor Yvonne Brathwaite Burke (John Hill, Chuck Bookhammer, Patricia Miller)
Supervisor Zev Yaroslavsky (Alisa Katz, Maria Chong-Castillo, Ron Hansen)
Supervisor Don Knabe (Fred Guido, Tom Martin, Curt Pedersen, Richard Espinosa)
Supervisor Michael D. Antonovich (Kathryn Barger, Conal McNamara, Ressie Roman)
Chief Administrative Office
County Counsel (Karen Lichtenberg)
Office of Affirmative Action Compliance
Executive Office
Department of Health Services

bc: Tom Remillard
Architectural Engineering (Sparks)
Project Management I (Howard, Martins, Bolger, Dermenjian)